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and protect the welfare and morale of our fighting forces whether abroad or at home. It is a governmental undertaking of the greatest magnitude and importance, and one in which every American may take just pride. Almost automatic in its operation, it is a self-respecting, well-balanced and democratic expression of a new sense of social solidarity and unity of national purpose.

EIGHT MONTHS OF WAR RISK INSURANCE WORK

BY LIEUT.-COL. S. H. WOLFE,¹

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Shortly after the United States entered the war it was felt that a more detailed knowledge was desired of relief measures required by modern war conditions. Canada was visited, and the results of my investigation have been published as Bulletin No. 10, Miscellaneous Series, Children's Bureau, Department of Labor. The realization of the necessity for doing away with haphazard methods and of substituting therefor a scientific program of government relief led the Secretary of War to direct me to prepare a system of relief for the dependents of enlisted men in our army—a question which was then being considered by the members of the cabinet forming the Council of National Defense, and by the Secretary of the Treasury.

The various steps leading to the preparation of the War Risk Insurance Act are matters of record and it is unnecessary to refer to them at length. The act was enacted by Congress, was approved October 6, 1917, and became effective November 1. In a little over three weeks, therefore, the bureau was called upon to prepare for the handling of a proposition requiring administrative work of a greater magnitude than any bureau of any government had ever been called upon to face in the same length of time. In the brief space of three weeks it became necessary to obtain quarters, to employ and educate a force of clerks, to purchase office furniture, equipment and supplies, to prepare copy for the printer and secure

¹ For several months after his return from France, Lieut.-Col. Wolfe was detailed to the Bureau of War Risk Insurance by the Secretary of War.

the printing and distribution of millions of application forms, bulletins and explanatory literature, to establish the necessary rules and regulations for the bureau, and to prepare instructions for the information and guidance of army and navy officers who would be called upon at their various posts to explain the provisions of the act to the men serving under them. Precedents did not exist, and it was impossible to foresee how much floor space or how many clerks would be required properly to handle the situation.

Even a cursory examination of the act will enable the reader to note that the government activities have moved along two distinct avenues which for want of better terms I shall designate as remuneration and service. The act was created with the idea that no man should become entitled to any pecuniary reward merely for injuries incurred in the service of his country, but on the other hand it was felt that as the government had taken men from society in presumably a perfect physical condition, a moral obligation rested upon the government to either return the soldier in the same good condition or to compensate him for the damage inflicted as far as it lay within its power.

To make the distinction between reward and compensation more clear, two cases may be assumed: first, that of the soldier who had been grievously wounded, had suffered great physical and mental anguish but as a result of skillful surgical treatment and careful nursing was finally discharged in perfect physical condition; the second soldier had been injured in such a way as to cause but little suffering, with the result, however, that his earning power was materially decreased—say 50 per cent. The first will receive no bonus or payment for the sacrifice he made but the fact that the second was no longer able to occupy the same useful position in society as he had formerly occupied would entitle him to compensation based not only upon the extent of his disability but also upon the family needs, *i.e.*, if he had a wife and children, the amount to which he would be entitled would be larger than if he were a single man, and within limits, the amount of the increase would depend upon the number of his dependents.

The second field of activity is illustrated by the service which is rendered to the soldier by the bureau furnishing information to and acting for him with respect to any contracts of insurance which he may have either with the government or with private companies.

If, for example, he will deposit with the bureau the premiums called for by his insurance contracts with private corporations, the bureau will see that payments are made upon the due dates and that the insurance protection does not lapse. Other services are rendered by the Soldiers' and Sailors' Civil Relief Act, which is operated by the bureau and to which a more extended reference will be made later.

An attempt, however, to draw too sharp a distinction between the two fields of activity, remuneration and service, must inevitably fail, as certain of the bureau's activities are a combination of the two: for example, the payment of allotment and allowance based upon the existence and needs of dependents is a function which combines both financial relief and service in the distribution of part of the soldier's pay among those who might otherwise fail to receive suitable support.

Before proceeding to the presentation of the statistics showing the accomplishment of the bureau during its brief existence, it may not be amiss to point out the theory underlying some of the departments created by the act, and in doing so, emphasis must be laid again upon the basic principle stated before, namely, that the government aims to mend any damage which it has inflicted as a result of calling a citizen from his usual occupation to serve with the colors. This principle is well illustrated in that portion of the act relating to insurance, for, after providing for the payment of definite amounts in the event of death or the injury of the soldier, the government realized that there still remained a damage which it had inflicted, but which it had not repaired. By calling men into active service, it destroyed their "normal insurability." It may be stated safely that the government did not start out with the idea of including a system of insurance as part of its war relief program, but the action of private insurance companies in requiring new insurants to pay additional war premiums—in some cases prohibitive—when serving out of this country, brought to the government a full realization of the fact that the measure of the damage which it had inflicted upon the members of its fighting forces was shown by this additional premium. No reliable statistics existed for expressing the war risk in dollars and cents and the only logical course open to the government, therefore, was to offer to its fighting forces the privilege of protecting themselves and their families with

insurance which would be sold to them at normal peace rates with no margin for expenses or profits.

Lest the casual reader may construe these statements as criticisms of or reflections on the private insurer, it should be noted that in most of the cases, the companies have acted with commendable liberality, having charged no additional premiums to their policy-holders who took out their contracts before the declaration of war, and in only a few cases has it come to the attention of the bureau that restrictions have been insisted upon which seem unusually harsh. For obvious reasons, no private company could carry out a program practicable for the government and the plan very properly placed the cost of this additional war hazard where it belonged—among the general expenses of the war, distributed in the form of taxation over the entire population and falling, therefore, with no undue severity upon any particular individual or group.

The activities of the bureau may be divided into the following broad general divisions: Allotments and Allowance, Compensation for Death, Compensation for Disability, Insurance, Reëducation, Civil Relief Measures.

Allotments and Allowances. The theory of this section of the act may be briefly stated as follows: A man when entering service is thereby prevented from following his usual occupation and his dependents, therefore, would be deprived of the necessary funds for living expenses, unless some aid were received from the government, for in most cases the pay of a soldier is not sufficiently large to equal his previous earnings necessary for the support of his family. Dependents are divided into two classes: Class "A," consisting of a wife and child, or children, and Class "B," a parent, brother or sister, in respect of whom the soldier has been making an habitual monthly contribution. The government, however, will not contribute an allowance for the benefit of the dependents, unless the soldier himself contributes part of his pay; in respect of Class "A" this contribution or allotment is compulsory, while in respect of Class "B" the action upon his part is purely voluntary. It is unnecessary to recite the regulations which fix the amount of the allotment and of the allowance, the object of the foregoing statement being merely to furnish the groundwork for a proper understanding of some of the problems which have arisen in connection with the administration of this phase of the work.

On July 1, 1918, there were 2,532,481 statements or applications on file in the bureau. These are all called "applications," but sometimes that term is a misnomer, for in 1,496,060 of these cases the enlisted man (this designation throughout this article including enlisted men and women of all branches of the armed forces of the United States), has declared that he has no wife, child, or other dependent, and, therefore, makes no application for a family allowance. Of course, all of the cases just referred to are not correct statements of facts as the daily experience of the bureau shows, for either through failure to properly understand the blank, or through confusion, many enlisted men fail to report the existence of dependents.

In other cases, the fact that dependents exist has been deliberately hidden, the soldier in this way hoping to escape the necessity of having part of his pay withheld. When a wife writes to the bureau and claims an allowance on account of a soldier whose application cannot be found or who has filed one which indicates that he is a single man, she is asked to file an application, a certified copy of her marriage certificate, and statements from reputable witnesses who know of her marital state and who are prepared to make affidavit to the fact that she has not been divorced. The Adjutant General of the Army is then communicated with and if her husband is in the service, the payment of the allotment and allowance is made to her and the commanding officer of the soldier is apprised of the facts in order that the necessary allotment may be withheld from the enlisted man's pay each month. In some cases, the soldier states that he should not be compelled to contribute to his wife's support, a variety of reasons being advanced, such as desertion or infidelity. In these cases, he is given an opportunity to formulate charges in proper form and to furnish the names of witnesses; the papers then go to the Exemption Division under the direction of the general counsel of the bureau and a notice is sent to the wife with the request that she file an answer to her husband's charges. The case is then judiciously considered and the exemption claim allowed or disallowed. It is interesting to note that in the eight months just past, 25,547 claims for exemption were filed, of which 9,562 were granted in full, 1,825 granted as to wife but denied as to children, and 6,688 were denied, the balance being in process of investigation July 1.

One of the things which surprises the investigator is the duplication of names and the necessity for care in communicating with the proper parties. A large number of names which ordinarily are considered unusual are duplicated in the records of the bureau, and when one enters the field of usual names, he becomes absolutely lost in the maze: For example, there are 123 "John J. O'Brien" in the index files and 105 "John H. Smith." As many of the letters received by the bureau fail to give the organization of the soldiers, it is manifestly impossible to identify them, and correspondence—that bugbear of an administrative bureau—must follow. At the present time the army is installing a serial number system, whereby each soldier will have a number assigned to him, and this will materially aid in the identification of the men in service.

After the application has been found in proper form it is passed to an awarder who computes the allotment and the allowance. Up to July 1, 1918, the allowance was dependent upon two factors—(a) the soldier's pay and (b) the family status. If the size of a family justified an allowance of, say, \$32.50 each month, the soldier was expected to contribute a like amount if his pay justified it, but in no case was more than half of a soldier's pay taken in the form of a compulsory allotment; an amendment to the act, just approved, provides that on and after July 1 the allotment withheld on account of Class "A" dependents is to be \$15, irrespective of the rank and pay of the soldier or the family allowance paid by the government, \$20 if he has both Class "A" and Class "B" dependents, and \$15 if he has Class "B" dependents but no Class "A" dependents. This procedure will materially simplify the process of awarding.

After the award has been checked, an award card is made out and sent to the disbursing officer in order that it may serve as a basis for the checks which he will send monthly to the allottees. The number of checks sent out each month is constantly increasing as will be evident from the following:

Sent out during month of	Number of checks	Amount
December 1917	21,000	\$468,329
January 1918	459,520	6,739,332
February 1918	591,664	19,976,543
March 1918	545,354	16,085,508
April 1918	596,852	16,852,915
May 1918	704,296	21,499,076
June 1918	857,638	26,623,623

At the present time these checks are being written on the typewriter, and this necessitates considerable work in comparing the names, addresses and amounts with the original award card; it is planned to install a mechanical system whereby checks will be printed from plates and the necessity for verification, therefore, will disappear. Some idea of the cosmopolitan nature of our army and navy may be gathered from the fact that many of the checks are sent to beneficiaries living in foreign countries; a partial list of the countries to which checks are being sent each month and the approximate number of such checks are as follows: Italy, 20,000; Sweden, 500; France, 2,000; British Isles, 5,000; Switzerland, 300; China, 550.

Some of the troubles of the bureau are caused by the failure of the soldier in the first instance to give the proper address of his dependents, or the failure of the allottee to notify the Post Office Department of her removal. At the present time over 12,000 checks each month are returned by the Post Office Department, the incorrect address having prevented their delivery. In such cases clerks trained in the vagaries of incorrect addresses attempt to interpret them: when this proves unsuccessful the soldier is communicated with and in the meantime the check is filed away in a systematic manner in the hope that an indignant demand to know why the usual monthly check has not been delivered may furnish a clue to the proper address. Delays have undoubtedly resulted in a number of cases, but they were inevitable when account is taken of the necessity for haste in creating the bureau and that it was compelled to employ for filing and indexing purposes a force of clerks who did not have sufficient time to prepare for the proper treatment of the applications before they arrived in overwhelming numbers.

Compensation for Death. If the death of a commissioned officer or enlisted man results from an injury suffered or a disease contracted in the line of duty, the government will pay compensation if he leaves a widow, a child, or a widowed mother. (The act has been amended so that after July 1, compensation is payable to a widow, a child, a dependent mother or a dependent father.) The amount of the payment is based upon the family needs, a widow alone receiving \$25 monthly during her widowhood, a widow and child \$35, a widow and two children \$42.50, etc., etc., the payment to the children being continued until the age of eighteen is reached

or until marriage. (It is neither possible nor desirable to state here the various provisions relating to children mentally or physically incapacitated, all of the references to provisions of the act being necessarily abridged.) Up to July 1 there have been 15,088 claims for compensation due to deaths in the service, of which 6,716 have been disallowed as not coming within the act, 1,446 calling for monthly payments of \$38,642 have been allowed and the balance are in process of investigation and adjustment.

Compensation for Disability. The problem of determining the merits of disability claims is more complicated than the one involving questions of death. In the latter case the army records furnish a useful guide to assist in determining whether the death resulted from causes consonant with "line of duty;" but in the case of disability not only must the "line of duty" be determined, but the degree of disability also ascertained. Experts connected with the bureau are now engaged in preparing schedules which will tabulate all disabilities resulting from injuries or disease and express them as percentages of a condition of total disability. This schedule will attempt to refer each injury or combination of injuries to the usual occupations, so that a proper estimate of the resultant reduction in earning capacity may be determined. The loss of three fingers, for instance, in the case of a carpenter will represent a greater degree of disability than the same injury in the case of a lawyer.

One of the most useful and necessary duties of this department will be to prescribe and furnish medical and surgical treatment in order that disabilities may be reduced or caused to disappear entirely, the idea being not only to reduce the disbursements of the government but also to restore the injured man as a useful member of society. Up to July 1 there have been 5,405 disability claims, of which 985 have been disallowed and 1,156 have been allowed, requiring monthly payments of \$32,009, the balance being in process of investigation and adjustment.

Insurance. No government has ever adopted a similar plan for insurance for its armed forces, and no proper estimate of the number of men who have been called to active service was obtainable when the War Risk Insurance Act was prepared in July and August of last year. To those two factors can be ascribed the wide divergence between the estimate of the actuaries and the results

which have been obtained in the insurance section. Up to July 1, 2,579,912 applications have been received, covering \$21,640,065,000 of insurance, an amount approximately equal to all of the outstanding ordinary insurance of all the legal reserve companies operating in the United States. Without any form of organized solicitation from the office of the bureau, about one billion dollars of insurance are applied for every week or ten days. As new men are called to the colors, the flow of applications will continue and it is estimated now that about 95 per cent of the armed forces have taken out this protection. It is the proud boast of some regiments that 100 per cent of their strength are insured and that each man has taken out the maximum permitted—\$10,000. It may safely be stated that no army of any country in the history of the world has ever prepared for active service with the same provision made for the care of their dependents at home, a factor which must have its effect upon the morale of the soldiers. This is evidenced by a cable which has just been received from General Pershing, commander-in-chief of the American Expeditionary Forces:

All ranks of the American Expeditionary Forces appreciate deeply the generous measure the government has taken to provide insurance for their families, in proof of which more than 90 per cent of the men have taken out insurance. Wisely to make provision for their loved ones heartens our men and strengthens the bonds that unite the army and people in our strong determination to triumph in our most righteous cause.

The administrative work of the bureau is greatly simplified by the absence of any necessity for a medical examination, it being assumed that each man who has been accepted for service is a proper risk for insurance: the effect of the medical selection is not allowed to wear off, as the insurance must be applied for within one hundred and twenty days of the man's entrance into service.

The death claims which have accrued are divided into two classes—automatic and contract. By the terms of the act, any person in the active service on or after April 6, 1917, who failed to apply for insurance and whose death or total disability occurred on or before February 12, 1918, was presumed to have applied for and to have been granted insurance, payable in 240 monthly installments of \$25 each, the commuted value of these payments being about \$4,300. A number of such disability and death claims have accrued and have been given the name of "automatic claims."

Up to July 1, 63 automatic disability claims have been presented, of which 45 have been disallowed and 14 calling for monthly payments of \$350 have been allowed: during the same period 6,942 automatic death claims have been presented, of which 3,471 have been disallowed and 1,081 calling for monthly payments of \$27,025 have been allowed. The difference represents those claims about which doubt exists as to whether they belong to the automatic class or whether some application exists which would cause them to be classified as contract insurance. These cases are being rapidly cleared up.

The claims which have accrued under applications which have been filed with the bureau are called "contract claims," and up to July 1 about 295 total disability contract claims have been received, of which 196 have been disallowed and 3 calling for monthly payments of \$172.50 have been allowed; during the same period 6,423 contract death claims have been received, of which 7 have been disallowed and 4,696 calling for monthly payments of \$231,460 have been allowed.

Re-education. Section 304 of the act originally provided that in cases of injuries commonly causing permanent disability, the injured person could be required to follow courses of rehabilitation, re-education and vocational training. By an act approved June 27, 1918, a Federal Board for Vocational Education was created and Section 304 of the War Risk Insurance Act was repealed.

Every person who is disabled under circumstances which entitle him to compensation under the War Risk Act and who after his discharge is unable to carry on a gainful occupation or to follow his former occupation, will be furnished by the board with vocational rehabilitation whenever such a course is possible. While following the prescribed course, the discharged soldier will receive monthly compensation equal in amount to his monthly pay for the last month of his active service or to his compensation, whichever amount is the greater; if such a person was an enlisted man at the time of his discharge his family will receive the same compulsory allotment and family allowance as are provided under the War Risk Act for payments to the family of an enlisted man.

The courses of rehabilitation are furnished without cost for instruction and may utilize, with the approval of the Secretary of Labor, all of the facilities of his department in the placing of rehabili-

tated persons in suitable or gainful occupations. In the attempt to provide a continuous process of vocational training the board is directed to coöperate with the War Department and the Navy Department. The Surgeon General of the Army has established systems of vocational education in several hospitals for the benefit of the enlisted men prior to their discharge from the army. This results in the saving of much valuable time, in addition to the beneficial therapeutic effects.

Civil Relief Measures. By an act approved March 8, 1918, Congress enacted the Soldiers' and Sailors' Civil Relief Act "for the purpose of enabling the United States the more successfully to prosecute and carry on the War in which it is at present engaged." It is unnecessary to refer to those articles of the act which relates to judicial proceedings, the payment of rent, installment contracts and mortgages, for the Bureau of War Risk Insurance is concerned only with that portion relating to insurance policies within certain limits held by persons in the military service. The benefits of the act are available in respect of contracts of insurance which have an aggregate face value of not more than \$5,000, where such policies were issued and premiums paid thereon before September 1, 1917, providing that the policy was in force on that date and there was not outstanding against it a policy loan or other form of indebtedness equal to or greater than one-half of its cash surrender value. Under certain conditions, certificates issued by fraternal organizations also come within the act.

If a person in the military service having a policy or certificate described above desires to have the government pay his premiums for him during the war and for a period not more than one year after the termination of the war, he can make application to the company or society which issued the contract and as the premiums fall due the Secretary of the Treasury will deposit with the proper officer of each insurer the necessary bonds for the amount of such premiums. To indemnify it against loss, the government will have a first lien upon any contract of insurance receiving the benefits of the act and no settlements of any kind may be made which will interfere in any way with the security of such lien.

If within one year after the termination of his military service, the insured does not repay to the insurer the amount of his premium with interest, the policy immediately lapses and becomes void, and

the insurer then becomes liable for the cash surrender value thereon, refunding to the government the advance on account of premiums which it has made.

It is interesting to note that up to July 1 only 2,802 applications have been received by the bureau from men in the military service who wish to avail themselves of the foregoing privileges, but this is undoubtedly due to the fact that those who are entitled to participate are not as familiar with the provisions of the Soldiers' and Sailors' Civil Relief Act as they are with the War Risk Insurance Act.

The foregoing is a brief statement of the activities of the bureau during the first eight months of its existence. As pointed out before, no precedents existed for the guidance of those charged with its administration, and in consequence it became necessary to blaze a trail which has now developed into a broad path. Pending the completion of a ten-story building on the site of the old Arlington Hotel, which will be given over to its activities, the bureau is housed in twelve buildings in Washington; the Board of Regents of the Smithsonian Institution have patriotically turned over the entire New National Museum for the use of the head office, thus enabling over 110,000 feet of floor space in an admirably lighted, fire-proof building to become available for this war activity. On July 1 there were over 7500 employees, and it may be safely stated that none of those engaged in the preparation of the act foresaw the enormous machine which would be required, or appreciated the effect which the act would have upon the morale of the fighting forces. It is believed that when the history of this great conflict is written, recognition must be given to the part which has been played by the bureau.